SEPTEMBER 18, 1967

FIRST OF A SERIES—
KENNEDY ROUND OUTCOME
FOR FRUITS AND VEGETABLES

SINGAPORE'S AGRICULTURE

WORLD FLAXSEED SUPPLY

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Barges ready to be loaded with copra and rubber move into the port of Singapore. Agriculture on the tiny island Republic is receiving new attention. See story on page 6.

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This article begins a series summarizing by commodity group the agricultural trade concessions the U.S. gave and received during the Kennedy Round of negotiations carried on under the General Agreement on Tariffs and Trade.

The Kennedy Round and U.S. Trade in Fruits and Vegetables

For both the United States and its major trading partners, fruits and vegetables accounted for a substantial share of the agricultural concessions made at the Kennedy Round. More than a third of all agricultural tariff modifications granted by the United States, and about one-fifth of those received by it, were on these commodities.

The United States, on its side of the Kennedy Round negotiating table, made available for concessions a range of fruits, vegetables, nuts, and preparations worth about $491 million—nearly all its 1964 import trade in these commodities.[1] In the final agreement, it granted concessions on $305 million, or about 62 percent of the total available.

More than half the concession total, however, went to developing countries and applied to imports of tropical products such as bananas and cashews, which the United States does not produce. Thus, U.S. tariffs will be reduced on only $135 million worth of products that compete directly with those of the United States. The most important of these concessions went to Canada, Portugal, and the European Economic Community.

On the other side of the negotiating table sat the countries in which the United States has major trade interests. Chief among these were Austria, Canada, Denmark, the six EEC countries (Belgium, France, Italy, West Germany, Luxembourg, and the Netherlands, which bargained as a unit), Finland, Japan, Norway, Sweden, Switzerland, and the United Kingdom. All together, their 1964 imports of fruit and vegetable products from the United States had an estimated value of around $295 million. In the final agreement, the United States received concessions on some $167 million of this, or about 58 percent of the total. The most important of these concessions came from Canada and the United Kingdom.

Concessions granted by the United States

• *Fresh and processed vegetables, including pulses.* U.S. imports of all commodities within this group totaled $84.5 million in 1964. Fresh vegetables alone represented close to two-thirds of this ($54.1 million), the balance being a wide array of processed items.

The United States granted concessions on only $19.2 million of the $84.5-million total. It made reductions averaging 40 percent on 44 items, of which 6—carrots, endives, turnips or rutabagas, canned tomato paste and sauce, canned tomatoes, and dried mushrooms—accounted for nearly all the total concession value. Many of the concessions involved specialty items not important in U.S. production. Two exceptions were carrots and canned tomato products.

The United States reduced its duty on Canadian carrots (1964 imports, $1.6 million) by over half, to 6 percent ad valorem. While Canada in turn reduced its duty by half, the new rate is still above the U.S. one. In a concession to the EEC, the United States reduced its duty rate on canned tomato paste by 20 percent (to 13.6 percent ad valorem) and that on canned whole tomatoes by 30 percent (to 14.7 percent ad valorem). The reduction on paste affects some $2.2 million in imports; the one on tomatoes, $9.7 million. While Italy is the principal source of supply for canned whole tomatoes, Portugal has recently displaced it as top supplier of tomato paste and may be moving into the volume production of whole tomatoes also.

Other U.S. concessions included elimination of the duty on fresh turnips from Canada ($2.1 million) and a 42-percent duty reduction on dried mushrooms from Japan ($1.2 million).

The United States offered no concessions on imports of other fresh and processed vegetables totaling $64.4 million. Among these were fresh tomatoes, potatoes, mushrooms, waterchestnuts, cucumbers, onions, peppers, and garlic.

• *Fresh and processed fruits and nuts.* U.S. imports of commodities in this group totaled $291 million in 1964.

Concessions were granted on 95 items totaling $230 million. Of the concessions, however, about two-thirds were bindings of duty-free status or existing rates, and $189 million—or more than four-fifths—represented items for which production in the United States is negligible or nonexistent. These items include bananas and their products; pastes, pulps, and jellies of tropical fruits; canned mandarin oranges; canned white peaches; and brazil nuts and cashews. Almost all these products are supplied by developing countries.

A concession of value to the free flow of two-way trade was the one granted to Canada on fresh apples (U.S. 1964 imports, $4.2 million). The U.S. duty and the Canadian duty—both already low—were eliminated. Another arrangement between the two countries concerned fresh and frozen blueberries (U.S. imports, $2.9 million). U.S. duties were cut by about half, and those of Canada—main U.S. market as well as source—were eliminated, reversing Canada's previous tariff advantage for this fruit.

A 60-percent duty reduction (to 0.2 cent per lb.) was granted to Japan on imports of canned mandarin oranges ($12.1 million), an item increasingly popular with American consumers and not produced in this country. The low duty on fresh grapes entering from Chile between April 1 and June 30 ($3 million) was eliminated. The 6.2-

[1]Commodities covered in this article are vegetables (fresh and processed, including pulses), fruits and nuts (fresh and processed), fruit and vegetable juices (including champagne, wines, vermouth, and brandy), nursery stock (including live plants, bulbs, roots, and seedlings), and miscellaneous vegetable products such as hops. Temperate zone products comprised $311 million of the 1964 import total, and tropical products, $180 million.

percent duty on grapes entering from Canada between July 1 and February 1 ($1.6 million) was cut the equivalent of 48 percent. Trade in these grapes has been two-way, depending on supplies.

Concessions of benefit to less developed countries included reductions of 11 to 17 percent in fresh grapefruit duties (depending upon the months of entry); bindings of free rates on bananas and plantains; and elimination of the low duties on brazil nuts and cashews.

The United States offered no concessions on about $60 million worth of nontropical fruits and nuts. Chief among these were chestnuts, filberts, walnuts, dates, fresh oranges, cantaloupes, watermelons, certain fresh grapes, canned pineapple, fig paste, and candied cherries.

• *Fruit and vegetable juices and beverages, including wines.* Total U.S. imports in 1964 of commodities within this group were $87.5 million. Wines and brandies accounted for $71.8 million, with the EEC countries (primarily France, Italy, and West Germany) top suppliers.

Concessions granted by the United States covered items totaling $41.3 million and benefited chiefly the EEC. Of these, $36.4 were wines, particularly champagne, vermouth, and brandy, of which the EEC is principal supplier. The relatively low duty on vermouth (1964 imports $14.1 million) was cut by slightly more than a fifth, to 21 cents per gallon; but imports have not in the past depended on price. The duty on champagne (imports $9.9 million), also cut by a little over a fifth, to $1.17 per gallon, has historically represented a very small part of the retail price, particularly for the more expensive brands. The duty on brandy valued at not over $9 per gallon (imports $9.5 million) was cut in half, to 62 cents per gallon. (It should be noted in this connection that the duty on brandy having a value of over $9 per gallon—one of the items figuring in the poultry war "retaliation"—was retained at $5 per gallon.) The rate on EEC fruit juices ($1.7 million) was cut by a fourth, to 3 cents per gallon.

Other concessions eliminated the 1.5-percent duty on apple juice from Canada ($1.3 million) and halved the duty on lime juice from the United Kingdom ($1.7 million), to a rate equivalent to 9 percent ad valorem.

The United States offered no concessions on fruit and vegetable juices and wines totaling $58 million in trade value—principally concentrated citrus juices, pineapple juice, still wines, sherry, and as noted above the more expensive brandies.

• *Nursery stock and miscellaneous.* U.S. imports of nursery stock totaled $13.8 million in 1964. Concessions amounting to $2.6 million were granted, covering hyacinth bulbs, lily bulbs, fruit tree seedlings, and unspecified live plants. Benefiting mainly the EEC, Japan, and Canada, these concessions were duty cuts averaging about a fourth.

The United States offered no concessions on $11.1 million worth of items supplied principally by the EEC. Chief among these were tulip bulbs, narcissus bulbs, and "other" bulbs.

On imports of miscellaneous fruit and vegetable products totaling about $16 million in 1964, the United States made concessions affecting $12 million. Principal items were hops ($6.7 million), certain essential oils ($2 million), sauces and soups ($2.7 million), and pectin ($400,000).

The duty reduction on hops, from 10 cents per pound to 7.5, benefits mainly the EEC. Also of benefit to the EEC, as well as to several of the less developed countries are duty reductions of more than half on some essential oils (orange, grapefruit, and lemon). On sauces (mainly soy, from Japan and Hong Kong) and on some soups (mostly from Switzerland), duties were cut by half; on pectin (from Denmark), the duty was cut by less than half.

Concessions received by the United States

• *Fresh and processed vegetables, including pulses.* On vegetables, concessions to the United States by its GATT trading partners totaled $33.8 million in terms of their 1964 imports of the U.S. products concerned.

For fresh vegetables, Canada—by far the principal U.S. market—made nearly three-fourths of the $6.5-million concession total. Most meaningful of its concessions covered five commodities with 1964 imports totaling $1.6 million (brussels sprouts, corn on the cob, green onions, radishes, and broccoli) and involved longer duty-free entry periods on some duty reductions. Concessions by the United Kingdom included the halving of its 10-percent duties on carrots, onions, celery, and corn on the cob, 1964 imports of which totaled $898,000.

For processed vegetables (including pulses), the concessions totaled $27.2 million. Countries most prominent in terms of their 1964 imports from the United States were Canada, the United Kingdom, the EEC, Switzerland, and Sweden.

The United States received concessions on $22.3 million in dried vegetables and pulses, mainly from the EEC and the United Kingdom. The EEC reduced duties by one-half on dried peas ($8.9 million), to 4.5 percent, and by three-fifths on dried lentils ($3 million), to 2 percent. The principal U.K. concession was a 50-percent reduction in the duty on dried white beans ($5.6 million), to 4 percent.

Concessions on processed vegetables other than pulses amounted to $4.9 million. Canned corn, an item still relatively small in U.S. export value but with a good market potential, received duty cuts from the United Kingdom (from 10 percent ad valorem to 5), Switzerland (from 50 fr. per 100 kg. to 25), Norway (from 30 percent to 15), and Austria (from 32 percent to 25).

Canada made a relatively small duty cut on its relatively large imports of dehydrated vegetables ($2.4 million), and Denmark, a larger cut on its smaller imports. Japan reduced its duties on certain canned vegetables from 20-25 percent ad valorem to 15.

About a third of the concessions on processed vegetables dealt with canned asparagus. Five countries, including Switzerland with 1964 imports worth $2.2 million and Sweden with $960,000, reduced their duties on this item. However, the entry since 1964 of other suppliers such as Taiwan into the canned asparagus market has substantially reduced the benefit the United States will gain.

• *Fresh fruits.* The United States received concessions worth $16 million on fresh and frozen fruits. Largest of these were by Canada, the EEC, and the United Kingdom.

Of Canada's concessions, those on six commodities with 1964 imports totaling $5.4 million were most meaningful. Canada cut its duty on cranberries to 5 percent for the entire year; eliminated its duties on nectarines and limes; cut its duty on plums to 10 percent for January-March; and eliminated its duties on apples and on fresh and frozen blueberries (as already mentioned).

The single concession by the EEC on fresh fruit was

on grapefruit, for which the Common External Tariff was reduced by half, to 6 percent (though a temporary rate of 7.2 percent is now in effect). In 1964, EEC imports of U.S. grapefruit totaled $3.2 million, and market potential in Western Europe is believed to be considerable.

Important concessions by the United Kingdom were those on winter oranges (entering between Dec. 1 and Mar. 31), lemons, grapes (entering between Sept. 1 and Jan. 31), and peaches-nectarines. Duties on all these items, of which U.K. imports from the United States totaled $1.6 million in 1964, were cut by half, to 5 percent.

Other countries granting meaningful concessions on fresh fruit were Denmark (citrus fruits and grapes); Sweden (lemons and winter strawberries); Finland (grapefruit and lemons); and Japan (peaches and other stone fruit).

• *Dried fruits.* The United States received concessions from Canada, the United Kingdom, Finland, and a number of other countries on imports of its dried fruits totaling $15.4 million in 1964.

Canada and the United Kingdom, major 1964 markets for U.S. raisins—by far the leading item in the group—both made duty cuts that acquire added meaning because they lessen the margin of preference enjoyed by Commonwealth suppliers with their duty-free status. Canada reduced its raisin duty by one-half, to 1½ cents per pound, on 1964 imports worth $2.9 million. The United Kingdom made a cut of slightly more than half, to 4 shillings per hundredweight or 3.5 percent, on imports worth $2.6 million. Other countries making concessions of close to half on raisins were Finland, with imports of $916,000, and Switzerland, with $485,000. The EEC, with $1.6 million in imports, made a one-third cut, to 6 percent.

Finland made concessions on prunes also—the second largest item in this group. On imports worth $1.4 million, it cut its duty by a third, to 4 percent. Norway ($899,000) eliminated its duty; Switzerland ($320,000) made about a two-fifths cut; and Japan ($281,000) made a one-third cut.

Other useful concessions on dried fruit included cuts ranging up to 100 percent by Canada and the Scandinavian countries on peaches, pears, apricots, dates, and mixed fruits. A group of more minor concessions included some items of which the United States is not a prominent exporter and others for which the duties were already so low as not to inhibit trade.

• *Canned fruits.* Concessions received by the United States on canned fruits totaled $55.1 million and benefited a number of important export items. Most significant of the concessions were those made by the United Kingdom, Sweden, Norway, and Switzerland.

The United Kingdom reduced its duties by more than half on canned peaches ($2.2 million) and canned fruit cocktail ($6.2 million), to ad valorem levels of 6 and 2.2 percent respectively. These cuts markedly narrowed the margins of preference for Australia and South Africa—traditional Commonwealth suppliers enjoying zero-duty status—and may have opened the way for U.S. peaches to regain a leading position in the U.K. market.

Norway cut its duties in half for canned peaches, pineapple, and fruit cocktail (totaling $1.7 million), to 15 percent ad valorem. Sweden, already a $1.9-million market for U.S. canned fruits, slashed the duty on canned pears by three-fourths (to 15 kronor per 100 kg.) and halved those on canned pineapple, apricots, fruit cocktail, citrus, and other fruit (to 12.5 kronor per 100 kg. for the first three items and 15 for the others). Switzerland made moderate duty reductions on $3.6 million worth of U.S. canned fruits, including a three-eighths cut for pineapple (to 25 francs per 100 kg.) Canada eliminated its 2-cent-per-pound duty on canned pineapple ($1.5 million).

Concessions by the EEC—largest U.S. market for canned fruits—were limited in scope. The duty on fruit cocktail ($6.6 million) was reduced from 25 percent ad valorem to 22; that on grapefruit sections (sales only $50,000 in 1964, but believed to have a good potential), from 25 percent to 20. On other canned fruits with a total value of $22 million, the CXT of 25 percent ad valorem was also lowered by a few percentage points; but the value of all these EEC concessions may be limited by a proposed levy on sugar added in canned fruits.

Other countries granting concessions included Austria, with imports of $1.2 million, which somewhat lowered its high tariff level (ranging between 25 and 52 percent) on canned peaches, fruit cocktail, and pineapple; and Denmark, with $1.7 million, which halved its duties on certain canned fruits with added sugar, to 13.5 percent.

• *Edible nuts.* Total concessions on edible nuts, $5.8 million, included important ones on almonds and pecans. Japan, which imported $2.7 million worth of U.S. almonds in 1964, cut its duty by one-third, to 10 percent; the United Kingdom (1964 total for both nuts, $1.2 million) abolished its duties on shelled almonds and all pecans, and Sweden, its duties on all almonds and shelled pecans.

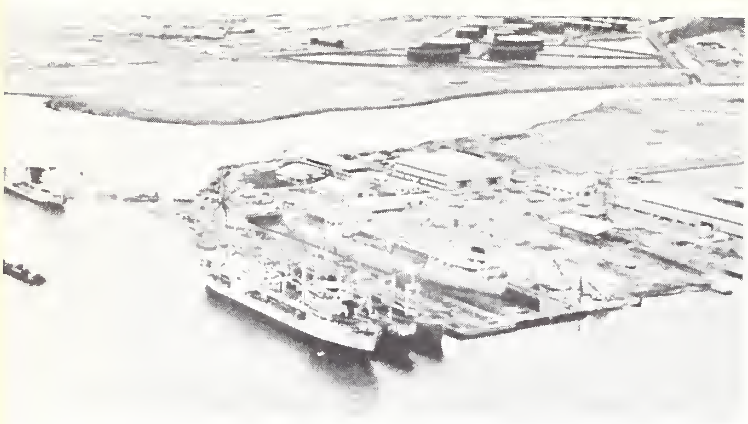
• *Fruit and vegetable juices.* The United States received fruit and vegetable juice concessions totaling $26.1 million. Though nearly all countries offered concessions, many of the tariffs were already low, or the cuts were too small to trigger much expansion in trade. Most important of the concessions involved pineapple juice and citrus juices.

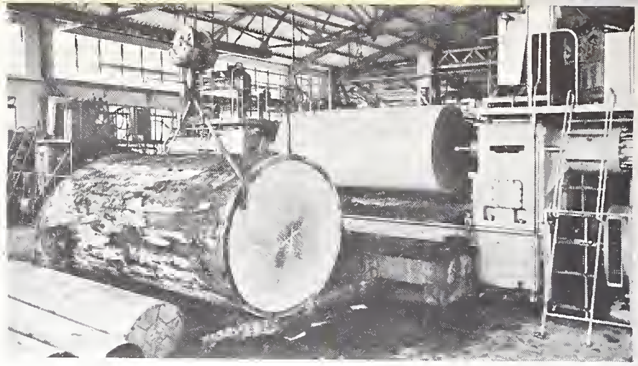
Canada, the major U.S. market for processed juices, made concessions on items totaling $19.2 million in 1964 trade value. For lime and lemon juice ($1.1 million), it eliminated the duty. However, it reduced duties by only a third—to 5 percent—for orange juice ($14.4 million), grapefruit juice ($2.5 million), and pineapple juice ($1.1 million).

Denmark, which in 1964 imported U.S. juices worth $2.2 million, made a 44-percent cut in its citrus and pineapple juice duties, to 10 percent. The EEC made a 21-percent cut in duties on its $400,000 imports of grapefruit juice, to 15 percent, but only minor duty reductions on its $4-million imports of other juices.

• *Nursery stock and miscellaneous.* The United States received nursery stock concessions totaling $4.2 million. Canada abolished its duties on certain types of florist stock and on trees, shrubs, roots, and cuttings for propagation purposes. Its imports of these items totaled $2.1 million in 1964. The EEC made one principal concession—a one-fifth reduction, to 8 percent, in the duty on dormant bulbs ($800,000).

Concessions received on a variety of miscellaneous products totaled $10 million. Several countries cut their duties on hops, but only Canada's duty elimination (1964 imports, $1.3 million) has much significance for U.S. trade. Other concessions included duty cuts by the European Free Trade Association on certain essential oils ($2.3 million) and by the Scandinavian countries, Switzerland, and the EEC on various sauces, seasonings, and mixed condiments ($1.2 million).





Industrialization has modernized Singapore's timber industry, above, and established the Jurong Shipyard, Ltd., at left, with drydock capability for 90,000-ton tankers.

Singapore Starts Drive To Strengthen Its Agriculture

By ROBERT E. ADCOCK
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Agriculture on the island Republic of Singapore is a relatively small, insignificant industry geared towards the production of a few essential foods. However, the government recently has taken steps to increase farm output and efficiency with several new incentives for farmers. The development of a stronger agriculture is in line with goals to build up Singapore's total economy by increasing foreign exchange potential and by cutting down imports.

Singapore is a food deficit area principally because only a small portion of the Republic's 225 square miles is free from industrialization and urbanization and available for growing crops. Chinese farmers have managed to keep livestock and make the plots productive with help from animal disease control, breeding of improved and quick-maturing progenies, and better husbandry practices. Farmers grow several kinds of vegetables and produce eggs, poultry, and pork.

How much food is produced

According to Ho Cheng Choon, Parliamentary Secretary to Singapore's Ministry of National Development, farmers and fishermen in the Republic are now annually producing 44,000 tons of vegetables, 850,000 pigs, 20 million chickens, 750,000 ducks, 290 million eggs, and 18,000 tons of fish. Total value was set at $242 million.

SINGAPORE'S ACREAGE AND PRODUCTION OF SELECTED FARM PRODUCTS

Crop	1967[1]		1966[2]	
	Area	Production	Area	Production
	Acres	*Long tons*	*Acres*	*Long tons*
Rubber	11,500	1,400	11,820	1,500
Fruits	4,750	4,100	4,700	4,000
Vegetables	4,500	41,500	4,450	41,000
Root crops	3,025	6,125	3,000	6,000
Tobacco	850	500	850	500
Others	650	650	662	662
Total	25,275	54,275	25,482	53,662
		Number		*Number*
Coconuts	6,400	10,000,000	6,600	10,500,000

[1]Forecast. [2]Estimate.

Mr. Ho also said "It is envisaged that with further expansion and improvement in the infrastructure of agriculture and the government's relentless efforts in promoting intensive farming and deep-sea fishing, agriculture within limits will play an even greater role in the building of a prosperous and stable national economy in the years to come."

The Republic's economy is moving forward in most areas. Imports totaled $1.3 billion in 1966—about 7 percent over those in 1965—and exports in 1966 improved about 12 percent to $1.1 billion from 1965. The excess of imports over exports was offset by earnings from banking, insurance, shipping, warehousing, and other commercial activities.

It has been recognized, in view of the political situation in Southeast Asia, that Singapore's traditional role as an international entrepot port needs to change if the Republic's economy is to expand and support a fast-growing population. Accordingly, Singapore is fast providing the requisite infrastructures for industrialization and is encouraging the establishment of export-oriented industries.

Progress in industrial development

Singapore has made some headway already in its industrialization program, some of which is aimed towards its agriculture. A fairly wide range of industries has been established through the Singapore Economic Development Board, including a new abattoir complex capable of processing per hour, 200 pigs, 100 sheep, and 15 cattle. The slaughtering complex has facilities for processing and canning products from farm animals bred both in and out of Singapore.

A fisheries harbor is being built as part of an integrated plan for developing a deep-sea fishing and fish canning industry. Other improvements include the establishment of a modern paper mill, the expansion of garments manufacturing for the integrated textiles mills, and the development of joint timber projects to make use of waste from saw milling and plywood factories.

Singapore is continuing research on crop, livestock, and fish output and also conducts reclamation of swamplands and surveys of nearby islands on potential farming areas. Although notable advancements are being made, the Republic will still have too limited a land area to become a substantial producer of agricultural products. The Republic, therefore, is likely to remain a sizable market for primary products such as rice, wheat, food grains, raw sugar, tobacco, and raw cotton for both domestic and export use.

U.S. Cotton Sales Up in Four European Nations But Uncertain Future Remains for This Product

Robert C. Sherman, Director of FAS Cotton Division, took a firsthand look this summer at the cotton situation in four European countries—Belgium, the Netherlands, Switzerland, and Spain—where Cotton Council International and FAS are carrying out market development activities with the cooperation of the International Institute for Cotton. While in Europe, Mr. Sherman also attended top-level meetings on cotton, taking a look into the product's future and at market development programs necessary to enhance its sales. Following is a summary report of his findings.

U.S. cotton exports to these four countries rose 28 percent last season from the low level of 1965-66, and those to Europe as a whole were up 42 percent. Reasons behind this sharp recovery were our more competitive prices, coupled with a decline in availabilities of desirable qualities from other countries.

Cotton as a whole, however, has not fared well in Europe, with consumption in the area about the same as in 1965-66. Working against the product are a number of factors, including the increasing imports and decreasing exports of cotton textiles and the sharp competition from man-made fibers.

Cotton market development activities in the four countries visited were progressing satisfactorily, and during several meetings, I had an opportunity to see evidence of the work being done in other countries. These meetings included a cotton research conference, the General Assembly of the International Institute for Cotton (IIC), an international organization formed last year to promote cotton in general; and the Twenty-Sixth Plenary Meeting of the International Cotton Advisory Committee (ICAC).

Belgian industry depressed

An economic slowdown, accompanied by inflationary pressures, has depressed cotton consumption in Belgium, and there are few signs of an immediate upturn. A number of mills are working only part-time because of burdensome yarn and cloth stocks, and the industry continues to have structural problems, compounded by rising costs and the influence of anti-inflationary measures of the EEC. Also, domestically produced textiles are being hit on practically all sides by increased competition.

Imports and consumption of cotton were probably about equal in 1966-67 and are preliminarily estimated at 325,000 bales—the lowest level in the past 5 years. Cotton imports from the United States were also down, as was our share of the market, which totaled 30 percent in the first 6 months of the season, compared with 33 percent in the same period of 1965-66.

Market development here in the first quarter of 1967 included the last part of a parallel campaign for bedsheets; promotion of men's and children's leisure wear; and a cooperative campaign for 100-percent unshrinkable cotton underwear with Tissac—Belgium's biggest producer of cotton underwear.

A cooperative campaign was also begun for terry cotton with Santlens—the country's most important firm for terry fabrics. This campaign will continue through December and is being advertised in the three leading women's magazines.

Also underway are campaigns for cotton corduroy, bedsheets, cotton shirts, and summer clothing.

Dutch consumption also down

Lowered demand for Dutch textiles and competition at home from textile imports are having an impact on the Netherlands textile industry, which probably used less cotton in 1966-67 than it did in the preceding year. The downtrend in mill offtake was temporarily arrested in October and November, probably as a reaction of spinners to an import licensing system to stabilize textile imports. But in subsequent months the decline began again.

Imports of raw cotton exceeded consumption during the first 10 months, totaling 343,000 bales compared with 281,000 in 1965-66. Takings from the United States totaled 24,000 bales compare with 34,000.

The unimpressive mill consumption of cotton this season does not mean that cotton has lost ground in the Netherlands. On the contrary, growing imports of cotton textiles have pushed total use of cotton up. According to the survey "Cotton Counts Its Customer," these imports rose to about 30 percent of the market and led to a 10-percent rise in total cotton use between 1962 and 1964. Another increase is expected to show up in the survey for 1966.

Partly responsible for cotton's ability to hold onto the market here is the intensive market development program undertaken by FAS in cooperation with CCI in 1965. The program, the "pilot project," consisted of a number of market research activities, as well as new methods of promotion.

Most successful market development activity in the Netherlands thus far in 1967 has been the annual cotton fashion show, which was presented in Amsterdam on January 5. Focus of the campaign was on the younger generation, featuring 45 garments whose vivid colors and bold designs reflected a young, daring, and progressive atmosphere.

The editorials and comments on the cotton fashion show were much more pronounced in favor of cotton then ever before. Press coverage was excellent, resulting in some 225 articles in national and local newspapers and magazines with a total circulation of about 15 million.

Next big campaign was the national White Weeks, organized by the leading manufacturers of household textiles in cooperation with the Institute. Main theme, as in previous years, was "White Weeks—Luxury in Cotton." Biggest department store in the Netherlands, Vroom and Dreesmann, joined in the campaign.

No change in Swiss consumption

Rising production costs are plaguing the spinning mills in Switzerland. Consumption of cotton by these mills in 1966-67, estimated at 185,000 bales, was no higher than in 1965-66 and less than in prior years.

Imports of raw cotton were 187,000 bales in August-May of last season, compared with 142,000 in the same period of 1965-66. Purchases of U.S. cotton were up to 43,000 bales from 28,000 in August-May 1965-66.

Despite this gain for the United States, Switzerland has been diversifying its cotton import trade. In calendar 1966, the big traditional sup-

pliers—the United States, Mexico, Peru, and Egypt—together had only 68.7 percent of the cotton imports, compared with 73.9 percent in 1965 and a 10-year average of 78.9 percent. Among the newer sources competing for the market is Turkey, which shipped Switzerland record amounts last season. Purchases from Brazil and Central America also gained.

In Switzerland, one of the main promotional activities this year has been the youth fashion contest, which was held in February. This contest brought 315 articles in newspapers and illustrated papers and radio and television broadcasts all over Europe.

The Swiss fabric and embroidery producers are great cotton specialists, and at least two products this year hold first place in the collections of leading St. Gall manufacturers. Also, the Swiss are now moving ahead with production of fabrics finished with Ravissa—an easy-care finish that first came on the market last summer. The finish is based on a world patent taken out by the Swiss firm Raduner. Formerly, good easy-care finishes could be applied only to heavier fabrics like poplin and sateen. With the new process, however, it can be applied to voile, crepe, batiste, and muslin.

A wide range of Ravissa fabrics for underwear, blouses, and light dresses has been presented to the trade.

Spain's cotton use rising

A booming economy has led to rapid expansion in Spain's cotton consumption, and lower domestic production has resulted in increased imports.

Since 1962-63, when its production peaked at 517,000 bales and then moved downward, the country's cotton consumption has risen some 14 percent. The estimate for the current season is 625,000 bales, with around 200,000 of it expected to be imported. By contrast, Spain imported only 6,000 bales in 1962-63.

While total U.S. cotton sales to Spain have risen, our market share has fallen sharply. From 21 percent of the market in 1964, it fell to less than 3 percent in 1966-67—a decline that is attributed to a number of barter agreements between Spain and other countries. Turkey's share of this market has risen sharply in recent years, and in the first 7 months of 1966-67, it supplied more than half of Spain's total cotton imports.

Even more expansion should take place in the Spanish industry, however, considering the rapid economic growth of the country. Per capita consumption of cotton is still a low 7.7-8.8 pounds—a fact that is accounted for in part by the stiff competition from manmade fibers and from other material goods that consumers are just now beginning to afford. Moreover, Spain keeps prices paid by the mills at an extremely high level—approximately 50 percent above those anywhere else in the world. These high prices, which protect the domestic cotton industry, have probably played a big part in keeping cotton consumption down.

Most of the market development activities carried on here in the first quarter of 1967 were related to the "1967 Cotton White Fortnight" campaign, which was launched on a national scale at the beginning of February. Over 1,200 stores spread over 185 localities participated in this campaign with special displays of cotton household goods emphasizing quality of the fiber. According to preliminary findings of an evaluation survey, the sale of cotton articles showed a substantial increase over the same period in 1966: 78 percent of the retailers reported increased sales in percentages ranging from 5 to 36 percent.

Another big activity in early 1967 was the Cotton Week of May 15-21. This is a sort of prestige action that aims at emphasizing the qualities and uses of cotton in the apparel and fashion field.

Meetings appraise cotton's future

The first of three important meetings in Amsterdam was a conference attended by a number of the world's leading cotton research scientists for the purpose of determining the areas in which the IIC should engage in research to supplement and not duplicate that now being undertaken.

Among the findings already at hand was a study showing that in 132 principal markets for cotton in the United States, cotton's share was declining in 86, stable in 41, and rising in 5. In the 57 apparel and household-goods markets where cotton's share was falling, quality and promotion were major considerations.

The main quality reason given for the decline of cotton was the lack of properties desired by the consumer and present in competing products of manmade fibers. Foremost among improvements required were noniron performance and resistance to wrinkling.

The meeting of the General Assembly of the IIC in Amsterdam on June 9-10 was attended by India, Mexico, Tanzania, Uganda, and the United States, as well as by a number of observers and nonmembers. Spain, the Sudan, and the United Arab Republic were not present.

Among the conclusions here was that cotton has not retained its former share of the market, despite a definite uptrend in total fiber consumption throughout the world. In some areas, actual consumption of cotton has been declining, while in all areas, cotton's market share has fallen.

It was also emphasized that women account for a large percentage of apparel items and should be the target of cotton promotions. Women must be convinced that cotton is not old-fashioned and should be reminded constantly of its advantages.

The Twenty-Sixth Plenary Meeting of the ICAC (June 12-18) at Amsterdam was attended by representatives of 35 member countries, by observers from 18 others, and by representatives of 11 international organizations.

The Committee noted that real progress has been made in the liquidation of the world cotton surplus and that this liquidation has been even more rapid than had been expected. It estimated world stocks on August 1, 1967, at 25.3 million bales against 30.5 million a year earlier. This reduction is greater than the total stock accumulation during the previous two seasons.

World consumption has risen to a new peak of more than 52 million bales, again 51 million last season and the 1962-63 cyclical low of 45 million. However, practically all of the increase has been in the developing countries, with consumption in the more highly developed countries remaining static.

It was predicted that production in the 1967-68 season would increase somewhat and that most of the expansion would occur outside the United States. Acreage increases are expected to be relatively small, and the gain will come mainly from a return to normal yields.

The Committee also discussed the changes that have occurred in the staple length distribution of available supplies, concluding that cotton stapling 1 1/16" and longer can no longer be considered surplus.

World Flaxseed Supply Forecast at Lowest Level in Over 20 Years

By HELEN FRANCIS
Fats and Oils Division, FAS

World production and supplies of flaxseed in 1967-68 may be the smallest in more than two decades.

Crops in the United States and Canada are down sharply from those of recent years. On the basis of the first official estimate of seedings, Argentine production may be substantially below the reduced levels of the last 2 years. The Indian crop, harvested early this year, is an estimated one-fourth less than that of a year earlier. These four countries, plus the Soviet Union, normally account for over 85 percent of world production.

The September 1 forecast of U.S. production, at 19.1 million bushels, is 4.8 million below the 1966 harvest and the smallest since 1938. The decline from last year was the result of the 23-percent reduction in acreage (2.0 million acres versus 2.6 million in 1966), since average yields, at 9.4 bushels, are slightly above last year's average of 9.1 bushels.

Canada's crop down sharply

On the basis of conditions as of mid-August, Canadian production is estimated at 10.3 million bushels, 11.7 million less than last year's crop and the smallest since 1953. Flaxseed area in Canada was cut 42 percent—even more sharply than that in the United States—and is 1.1 million acres against 1.9 million last year. Moreover, unfavorable weather, mainly drought, has reduced yields per acre. While prospects improved following fairly general rains in many parts of the Prairie Provinces early in August, the rains came too late in some areas for any substantial recovery.

On the basis of these estimates, North American production will be 29.4 million bushels, 16.5 million bushels less than 1966 output and the smallest in 21 years. In addition, stocks in the United States and Canada at the opening of the current seasons, July 1 and August 1, respectively, were down 5.3 million bushels from last year's levels, with the entire reduction in the United States. As a result, total North American supplies are estimated at 50 million bushels, 22 million less than those of a year ago.

This sharp reduction in North American supplies has resulted in a marked upward trend in prices throughout the summer. Flaxseed prices, c.i.f. Europe, rose from about \$3.05 per bushel in mid-May to about \$3.62 in late August. Little prospect of a significant decline is in sight now that another relatively small crop appears imminent in Argentina. Higher prices could lead to reduced demand and increased substitution of other oils for linseed oil. For example, use of soybean oil—now in plentiful supply at reasonable prices—for nonfood purposes like paint and varnish has risen substantially in the last decade. The relatively large stocks of linseed oil in Rotterdam also will less the export demand for the immediate future.

North American availabilities for export are forecast at about 15 million bushels, 9 million less than estimated 1966-67 exports, assuming a slight decline in the U.S. crush and substantial reductions in both U.S. and Canadian year-end stocks to more normal levels than have prevailed in recent years. The U.S. Commodity Credit Corporation continues to hold the 80 million pounds of linseed oil it acquired through a toll-crush program for 1963-crop flaxseed in case of a short supply situation.

Argentina's flaxseed crop will not be harvested until late November through January. Seedings have been forecast officially at 2.0 million acres, 13 percent less than the area sown last year and 36 percent below average seedings during 1962-66. On the basis of average acreage abandonment and yield per harvested acre during the last 5 years, production from 2 million acres could be about 18 million bushels—about 5 million below 1966-67.

Argentine acreage uncertain

The full extent of Argentina's flaxseed acreage may not have been reflected by the first forecast, made prior to completion of seedings. They may still have been influenced by the sharply reduced crops in North America and the resultant increase in prices. The international flaxseed situation changed at a time of uncertain sowing

U.S. AND CANADIAN SUPPLY AND DISTRIBUTION OF FLAXSEED

Item	1965-66	1966-67[1]	1967-68[2]
SUPPLY	*Million bushels*	*Million bushels*	*Million bushels*
Stocks:			
United States, July 1	10.9	15.3	9.2
Canada, August 1	7.1	11.1	11.9
Total	18.0	26.4	21.1
Production:			
United States	35.4	23.9	19.1
Canada	29.3	22.0	10.3
Total	64.7	45.9	29.4
Total supply:			
United States	46.3	39.2	28.3
Canada	36.4	33.1	22.2
Total	82.7	72.3	50.5
DISTRIBUTION			
Domestic disappearance:			
United States	25.7	22.6	
Canada	6.5	4.8	
Total	32.2	27.4	
Exports:			
United States	5.3	7.5	
Canada	18.9	16.4	
Total	24.2	23.9	
Ending stocks:			
United States, June 30	15.3	9.2	
Canada, July 31	11.1	11.9	
Total	26.4	21.1	
Total distribution:			
United States	46.3	39.2	28.3
Canada	36.4	33.1	22.2
Total	82.8	72.3	50.5

[1]Estimate. [2]Forecast.

conditions for Argentine wheat zones. While this was not expected to greatly affect the overall wheat situation, it could have increased flaxseed acreage. Although much of the flaxseed crop had been seeded by late July and early August, seeding in Córdoba and Santa Fe Provinces, which accounted for almost one-fourth of the 1966-67 crop, could have continued through August and that in Buenos Aires Provinces, which accounted for about half of last year's crop, can continue through September. The Argentine Government raised the support price for new-crop flaxseed to encourage increased seeding. The new rate is 2,500 pesos per kilogram ($1.81 per bushel), compared with 2,000 pesos ($1.45) for the 1966-67 crop.

Argentine prices of both seed and oil have risen substantially in response to the prospects of sharply reduced supplies. The Argentine Grain Board reportedly has disposed of virtually all seed stocks and all linseed oil acquired under price support. Export availabilities of linseed oil as of mid-August were estimated unofficially at 40,000 metric tons, about half of which was committed and the remainder being negotiated for export.

India's flaxseed crop, harvested during February-April, is estimated by the trade at only 10 million bushels—3 million below last year's reduced output and the smallest harvest in almost 50 years. The government continues to prohibit exports of flaxseed, and exports of linseed oil have been virtually eliminated because of prohibitive prices.

Tea on Turkish Farms: A Johnny-Come-Lately Crop Makes Its Mark

By WILLIAM L. DAVIS
Assistant U.S. Agricultural Attaché
Ankara, Turkey

Although tea is the national drink of Turkey, its production is indeed a Johnny-come-lately to the country's farm economy. First efforts to establish commercial tea production were made in the mid-1920's, but output remained virtually nil until the middle of the century.

Since 1950, tea production has boomed. The country's drive to become self-sufficient—to satisfy demand for a popular item without spending foreign exchange—has been a resounding success, and the crop now generates more gross income per hectare (about 2.5 acres) than any other. Tea has also provided a cash crop for many farmers along the eastern shore of the Black Sea, farmers who previously had little or no opportunity to participate in a market economy. However, problems of quality and marketing still remain to be solved.

Grown near Black Sea

Tea is cultivated on about 30,000 hectares of land on the eastern shore around Rize. The narrow tea belt stretches from the county of Of in Trabzon Province eastward to Hopa and southward to Artvin. Before tea production began in this area, the land was covered almost completely with unproductive bushes. Establishment of the tea plantations caused land values to multiply fivefold and has had an important impact on the economic and social viability of the Rize area. The average annual gross income from a hectare of tea is $1,500. According to Dr. Sait Tahsin Tekeli of Ankara University, cultivation of tea for domestic needs and export adds about $100 million annually to the economy. Of this, approximately $66 million goes to Rize region growers, factory workers, and transporters. The remaining $34 million goes to the Treasury as profit.

On the average, each producer and his family cultivates 2 decares (0.2 hectares). The Ministry of Agriculture supervises the establishment of plantations and the growing of tea and has set up an experiment station—one of the most effective in the entire country—at Giresun. All other activities related to tea, from processing it to distributing it to retailers, are handled by the Ministry of Monopoly and Customs.

TURKEY'S SUPPLY AND DISTRIBUTION OF DRY TEA

Year	Jan. 1 stocks	Production[2]	Imports[3]	Consumption[2]	Exports[3]	Dec. 31 stocks
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*
1950	250	207	1,744	1,743	....	458
1951	458	331	2,305	2,184	....	910
1952	910	423	2,018	2,737	....	614
1953	614	513	2,763	3,296	....	594
1954	594	719	2,698	3,769	....	242
1955	242	1,190	2,450	3,574	....	308
1956	308	1,534	2,312	4,145	....	9
1957	9	2,441	3,984	5,601	....	833
1958	833	3,350	5,189	6,493	....	2,879
1959	2,879	4,143	5,188	6,981	....	5,229
1960	5,229	5,709	3,919	7,768	....	7,089
1961	7,089	5,450	4,440	8,400	....	8,579
1962	8,579	8,259	3,692	9,082	....	11,448
1963	11,448	10,100	1,874	10,251	1	13,171
1964	13,171	10,034	146	10,788	1,540	11,023
1965	11,023	13,000	....	12,355	2,590	9,074
1966	9,074	25,000	3	13,500	1,535	19,042

[1]Residual. [2]Dr. Sait Tahsin Tekeli, except for 1961 through 1966 production estimates, which are official State Institute of Statistics data, and the 1966 production estimate, which was made by the attaché. [3]State Institute of Statistics.

Output increases sharply

Production of dry tea rose from practically nothing to more than 5,000 metric tons between 1950 and 1961. Since 1961, output has increased 400 percent, and last year it was much greater than anticipated. The State Planning Office had set a 1966 target of 14,000 tons of dry tea, 1,000 tons above the 1965 crop. About 25,000 tons were actually harvested, partly because of excellent weather conditions. The principal reason for the good harvest, however, was a change in picking methods. Whereas the experiment station recommends picking two and one-half leaves at a time—a rule-of-thumb generally followed—many producers were picking five leaves at a time last year. Naturally, this practice greatly reduced the quality of the tea. The problem could be overcome easily by establishing a price-quality relationship.

Turkey's Minister of Agriculture in-

dicated recently that production could be raised to 75,000 metric tons of dry tea. In the present tea belt alone, the area planted to the crop could easily be doubled and possibly tripled.

Turkey now produces more tea than its population consumes, whereas in 1950, virtually all of its requirements were imported. Last year, consumption was almost 8 times the 1950 level, and production of 25,000 tons was double domestic needs. Per capita consumption has increased at an average rate of about 18 percent annually in the past 16 years although in recent years the rate of increase appears to have slowed down. In fact, the unfulfilled demand of the 1950's appears to have been satisfied. Barring a reduction in retail prices, it seems likely that future increases in demand will result from a population growth of 2.5 percent annually. Other important factors that will affect future demand for tea include the coffee import policy and changes in per capita income.

Coffee consumption is closely regulated through import restrictions. If these should be removed, some shift from tea to coffee would occur. However, the shift would be minimized by the Turks' affinity for tea.

It is popularly believed that income determines whether consumers will purchase tea or coffee. However, preference appears to be the only factor in the consumer's choice between tea and Turkish-type coffee, which are priced about the same. And lower-income groups prefer tea. Income becomes a deciding factor only where the more expensive American-type coffee is concerned.

The growing level of Turkey's tea stocks substantiates the assumption that, at present prices, demand has been filled. Recent statements by Turkish officials on stocks and exportable supplies indicate that January 1 stocks should not fall below 5,000 to 6,000 metric tons. Consequently, Turkey could export at least 10,000 in 1967.

Under present circumstances, Turkey can export tea only at a loss to the Ministry of Monopoly and Customs. While tea is sold domestically for 53 to 67 cents per kilogram, export prices are only between 23 and 28 cents. Raw-material costs alone come to about 20 cents per kilogram, and processing costs run the total up to more than the export price.

Quality is the chief factor determining the export price. Reliable sources claim that the quality of Turkish tea is below that produced in Ceylon and India, but higher than that grown in Pakistan and Iran. These same sources say that export prices could be increased 70 to 80 percent, given better quality control and processing techniques. Even then, tea exports would mean some loss, a loss which would have to be weighed against much-needed foreign exchange earnings.

Improved processing and storage facilities are commonly cited as the most pressing needs of Turkey's tea industry. Processing capacity reportedly stands at 1,000 tons per day, compared with 605 tons back in 1962. Since tea factories generally operate 80 days out of the year, the capacity of processing plants is about 80,000 tons of green leaves or 16,000 tons of dried leaves annually.

Below, tea leaves spread out on racks for drying. Last year, Turkey produced 25,000 tons of dry tea, almost double its 1965 harvest and far more than the country consumes.

Above, women pack tea for the domestic retail trade; below, this Turkish farmer—with his crop ready for unloading—is one of many who now contribute to the market economy by growing tea.

Highlights of World Grain Trade

Imports Help Argentina's Short Wheat Supplies

Overestimation of the 1966-67 Argentine wheat crop appears to be the most plausible explanation for the country's ban on wheat exports and its call for the importation of 150,000 to 200,000 metric tons of wheat to supplement domestic consumption until the December harvest. The government's claim that some 600,000 tons were being held by speculating producers and middlemen may be overstated in view of the high level of domestic wheat prices, which reflected improved world prices and the March devaluation of the Argentine peso. Prices were more than US$57 per metric ton.

Support prices up

Despite the high prices, Argentina's support prices for hard wheat will be raised by 33 and 25 percent for the forthcoming harvest. However, since wheat planting had virtually been completed by the August 12 announcement date, the increases came too late to affect sowing.

The minimum trading price for hard wheat will be 13,000 pesos per metric ton against 10,000 pesos in 1966-67. The support price, at which the Wheat Board will purchase, has been set at 15,000 pesos, up from 12,000 pesos in 1966-67. The durum minimum price has been boosted from 10,000 pesos to 12,000 pesos and the support price from 12,000 pesos to 15,000 pesos.

(U.S. dollar equivalent for the Argentine peso has varied considerably in the past year, from 245.5-350 pesos per U.S. dollar.)

To ease the domestic market and to help meet export commitments, in early August the government bought 152,000 tons of foreign wheat—the first import of wheat by Argentina since 1952. Two transactions were for 50,000 metric tons from Bulgaria—through a private trading firm—and 102,000 from Spain on a government-to-government basis (for details of this sale see *Foreign Agriculture*, August 28, 1967, page 11). All the wheat is to be shipped to Argentina by the end of September.

Brazil contracts affected

An early casualty of the export ban by Argentina had been the third-quarter sale of wheat to Brazil, contracted under long-term arrangements. However, the recent wheat imports reportedly allowed Argentina to resume negotiations with Brazil. According to agreements, Brazil was to receive only Argentine-produced wheat.

From December through July, Argentina's wheat exports totaled 2,166,000 metric tons. Unless some unforeseen change occurs, the total for the year is not likely to exceed 2.4 million. This would include some arrangement with Brazil for further shipments.

—Based on a report by
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U.S. Agricultural Attaché
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Canadian Wheat Forecast

Canada's 1967 wheat crop is forecast at 547 million bushels. With August 1 carryin stocks of 574 million bushels, this means total supplies of 1,121 million against 1,247 million in 1966-67 when production hit a record 827 million (revised). Average 1960-64 production was 538 million bushels with carryin supplies averaging 1,047 million.

EEC Grain Prices in Germany

Germany's transition on July 1, 1967, to lower grain prices under the Common Agriculture Policy (CAP) of the European Economic Community was smooth with no major complications. Prior to July 1, large flour mills and feed manufacturers began storing imported grain under customs bond for levy payment after the new prices went into effect. Thus the lower priced grain moved quickly into producing and shipping channels. After a few weeks prices had pretty well balanced in at the lower level.

Other factors are contributing to lower producer returns besides the CAP decreases—stricter EEC standards and the reduction of the number of intervention points—which result in added freight costs.

Even though grain prices have been harmonized, to create a true common market adjustments will have to be made in taxes, interest rates, plant regulations, and freight rates.

It is too early to predict how the CAP grain prices will influence market development and the internal flow of grains in Germany. However, it already appears certain that French grain will successfully compete with domestic grain.

—PAUL E. MINNMAN
U.S. Agricultural Attaché
Bonn

Greece Barley Exports

For the first time in its history, Greece is exporting barley. Some 39,228 metric tons were shipped during April-June, and 100,000 tons are authorized for export from the 1967 crop.

A new grain policy enacted August 1, 1967, provides for special incentives to be granted to exporters to facilitate the export of barley (and wheat). Incentives include financing of exporters up to 100 percent and a subsidy to enable exporters to cover price differentials.

The government has agreed to grant an export subsidy of $30 per metric ton for barley up to a total of 100,000 tons. Already 30,000 tons have been booked for export under this plan. Grain exporters, however, feel that declining world barley prices will present difficulties for Greek barley shipped out under these subsidies.

Norway's Grain Imports

The Norweigian Grain Corporation has purchased 35,000 metric tons of spring wheat from the Soviet Union. About 10,000 metric tons arrived in 1966-67 and the balance will arrive shortly.

The Corporation plans to import a total of 320,000 metric tons of milling wheat during 1967-68, a little less than purchased last year. Sources besides the Soviet Union will be Australia, 100,000 tons; the United States, 80,000—more if prices are satisfactory; Sweden, 60,000—less if France becomes a supplier; Canada, 40,000; and Argentina, 15,000.

The Grain Corporation also plans to import at least 60,000 tons of feed wheat. Rye imports will be about the same as last year, or perhaps lower, since consumption is dropping. All rye imports will come from the United States and/or Canada.

Corn and grain sorghum purchases will be higher in 1967-68 than they were last year since lower domestic selling prices of grain sorghums has encouraged consumption.

U.S. Tobacco Exports in July 1967

U.S. exports of unmanufactured tobacco in July 1967 totaled 31.4 million pounds (export weight)—down 29 percent from the unusually large July 1966 exports of 44.2 million. (July 1966 exports included considerable quantities that normally would have moved in earlier months, because the broadened export payment program did not become effective until July 6, 1966.)

Total exports for the 7-month period, January-July 1967, were 283.1 million pounds, compared with 219.7 million for the comparable period of 1966.

Exports of tobacco products in July 1967 were up moderately from those of July last year. Cigarette exports, at 2,270 million pieces, increased 6.3 percent; shipments of smoking tobacco in bulk, at 2.7 million pounds, were more than double those of July 1966. For January-July 1967, the total value of all tobacco product exports was $81.9 million, up nearly 10 percent from the value of product exports for the first 7 months of 1966.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	July 1966	July 1967	Jan.-July 1966	Jan.-July 1967	Change from 1966
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	34,037	20,723	158,766	204,396	+ 28.7
Burley	4,852	5,367	25,429	31,183	+ 22.6
Dark-fired					
Ky.-Tenn.	1,324	1,465	8,622	12,292	+ 42.6
Va. fire-cured[1]	164	137	2,233	2,248	+ 0.7
Maryland	1,734	827	5,264	8,224	+ 56.2
Green River	3	43	443	762	+ 72.0
One Sucker	20	12	74	667	+801.4
Black Fat	227	476	2,041	2,525	+ 23.7
Cigar wrapper	370	315	2,939	2,187	— 25.6
Cigar binder	28	35	1,513	1,428	— 5.6
Cigar filler	19	2	519	473	— 8.9
Other	1,423	2,023	11,814	16,681	+ 41.2
Total	44,201	31,425	219,657	283,066	+ 28.9
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	36.6	25.3	182.1	239.6	+ 31.6

[1]Includes sun-cured.
Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	July 1966	July 1967	Jan.-July 1966	Jan.-July 1967	Change from 1966
Cigars and cheroots					*Percent*
1,000 pieces	12,715	5,181	48,568	41,766	—14.0
Cigarettes					
Million pieces	2,136	2,270	13,863	14,370	+ 3.7
Chewing and snuff					
1,000 pounds	20	39	279	194	—30.5
Smoking tobacco in pkgs.					
1,000 pounds	80	68	574	739	+28.7
Smoking tobacco in bulk					
1,000 pounds	1,266	2,707	7,442	9,783	+31.5
Total declared value					
Million dollars	11.9	14.2	74.5	81.9	+ 9.9

Bureau of the Census.

Zambia's Tobacco Sales Ended

Sales of Zambian 1967-crop flue-cured at the Lusaka auctions ended August 16. The total volume was 10.1 million pounds, approximately 4 million less than in 1966. The average price for the season was equivalent to 60.8 US cents per pound. For the full 1966 season, Lusaka sales totaled 13.8 million pounds, at an average of 42.5 cents.

Sales of burley at Lusaka were 606,000 pounds this year, at an average of 17.4 cents.

Spanish Grain Situation and Outlook

Spain's official estimate of its 1967 grain production has put wheat, barley, and corn all at record levels. Good moisture supplies and increased acreages are largely responsible for the increased outturns.

Wheat production is estimated at 5.4 million tons, 12 percent higher than in 1966 and 10 percent above the 4.9 million-ton record of 1957. The barley crop is placed at 2,477,000 tons, 13 percent above last year's record of 2,183,000 tons. Oat production also increased sharply to 463,000 tons, 11 percent above that of 1966 and the highest since 1963. The rye crop, on the other hand, is estimated at 307,000 tons, down 14 percent following a long downtrend.

The 1967 corn crop is forecast at 1,250,000 tons, 7 percent above last year's and 4 percent over the previous record set in 1964.

Drought reduced yields in several wheat producing provinces, but this was compensated by good outturns in other areas. Most barley had been harvested and was fully set before the July-August high temperatures, thus favoring high yields. Increased use of machinery reportedly has expedited harvest operations noticeably this year.

On the basis of 1966-67 wheat utilization, the 5.4 million-ton crop would provide an exportable surplus of about 750,000 tons (up 400,000) in 1967-68. Last year 300,000 tons of wheat were used for animal feed and year-end stocks amounted to 1.7 million tons. Traditionally, carryover stocks have been about 500,000 tons. Exports could, therefore, be considerably larger than the indicated amount.

Feedgrain crops in the quantities estimated should cause import requirements to be 250-300,000 tons lower than the imports of 2.9 million tons in 1966-67.

Reportedly 250,000 tons of Spanish flour have been procured by international trading firms for resale to the United Arab Republic at a price of $81 per metric ton, c.i.f. An incentive payment of $2.08 per ton on wheat milled for flour to be shipped to the Middle East would apply to the current UAR transaction.

U.S. Exports of Soybeans, Edible Oils, Meals

U.S. exports of soybeans totaled 241.0 million bushels during September-July 1966-67 compared with 239.5 million exported in the same period last year. Exports to Spain increased 8.4 million bushels, and to the Netherlands and Italy, 1.8 million each.

Soybean oil exports during October-July reached 890.3 million pounds—up 159 million over last year. Large ship-

ments under Public Law 480 programs accounted for the increase. Exports of cottonseed oil were 71.8 million pounds compared with 259.8 million a year ago. Total soybean and cottonseed oil exports amounted to 962.1 million pounds—down 29 million from last year.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, OILCAKE AND MEAL

Item and destination	Unit	July 1966[1]	July 1967[1]	Sept.-July 1965-66[1]	Sept.-July 1966-67[1]
SOYBEANS					
Japan	Mil. bu.	3.6	4.9	57.8	55.2
Netherlands	do.	1.3	2.7	32.5	34.3
Germany, W.	do.	2.8	1.5	32.1	31.3
Spain	do.	.4	2.7	16.7	25.1
Canada	do.	2.4	1.7	29.3	18.5
Italy	do.	0	.3	15.1	16.9
Others	do.	1.6	3.0	56.0	59.7
Total	do.	12.1	16.8	239.5	241.0
Oil equivalent	Mil. lb.	132.7	184.6	2,629.8	2,646.0
Meal equivalent	1,000 tons	284.0	395.2	5,628.5	5,663.1
		July 1966[1]	July 1967[1]	Oct.-July 1965-66[1]	Oct.-July 1966-67[1]
Soybean oil:[2]					
India	Mil. lb.	(3)	44.3	17.2	199.2
Yugoslavia	do.	0	42.2	47.5	114.5
Tunisia	do.	4.0	.1	23.7	96.1
Pakistan	do.	0	(3)	102.6	75.1
UAR, Egypt	do.	1.2	0	24.1	50.5
Burma	do.	14.1	0	46.4	45.0
Greece	do.	.6	1.4	28.7	23.0
Vietnam, S.	do.	2.2	0	15.9	22.3
Brazil	do.	2.3	(3)	25.5	20.6
Colombia	do.	4.4	2.0	38.4	18.0
Canada	do.	2.8	1.1	28.0	17.9
Chile	do.	0	0	3.3	13.8
Others	do.	31.2	10.6	330.0	194.3
Total	do.	62.8	101.7	731.3	890.3
Cottonseed oil:[2]					
Venezuela	do.	1.9	3.6	28.0	27.5
UAR, Egypt	do.	0	0	38.8	25.5
Canada	do.	1.6	.9	39.2	7.1
Others	do.	.5	1.8	153.8	11.7
Total	do.	4.0	6.3	259.8	71.8
Total oils	do.	66.8	108.0	991.1	962.1
CAKES & MEALS					
Soybean:					
Germany, W.	1,000 tons	44.0	13.7	426.0	393.4
France	do.	34.8	34.3	404.4	363.3
Netherlands	do.	7.1	37.0	280.0	355.2
Canada	do.	17.3	20.8	188.0	194.8
Belgium	do.	5.0	40.7	136.1	188.9
Italy	do.	2.3	34.7	147.4	178.4
Yugoslavia	do.	0	8.5	77.8	137.7
Denmark	do.	10.6	8.5	133.8	93.7
United Kingdom	do.	.4	2.2	93.8	68.7
Poland	do.	0	0	64.1	39.8
Others	do.	7.5	21.0	330.9	266.8
Total	do.	129.0	221.4	2,282.3	2,277.7
Cottonseed	do.	.3	.3	97.7	6.8
Linseed	do.	6.6	3.6	86.5	80.5
Total cakes and meals[4]	do.	137.9	228.5	2,501.8	2,389.0

Note: Countries indicated are ranked according to quantities taken in the current marketing year.

[1]Preliminary. [2]Includes shipments under P.L. 480 as reported by Census. [3]Less than 50,000 pounds. [4]Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from Census records.

Exports of soybean meal for the current 10-month period totaled 2,277,700 short tons, compared with the 2,282,300 tons a year ago. This leaves a difference now of only 4,600 tons with 2 months remaining in the marketing year. Exports of all cake and meal amounted to 2,389,000 tons—about 113,000 tons less than exports of a year ago. The sharp drop in cottonseed meal exports accounted for most of the decrease.

Japanese Continue To Eat More Cheese

Consumption of cheese, practically all of it processed, is increasing rapidly in Japan. This trend is expected to continue, and imports of natural cheese will expand accordingly.

In the first 6 months of this year, Japan imported 11,249 metric tons of natural cheese, customs-clearance basis, valued at almost $7.4 million—46 percent above last year's imports of 7,707 tons. Principal suppliers were Australia with 3,924 tons, Norway 2,334, New Zealand 1,907, and the Netherlands 1,647. Other suppliers included Denmark, Sweden, the United States, Ryukyu, Finland, and France. Among the U.S. cheeses moving to Japan were 50 tons of Parmesan. Reportedly, Italian export availabilities of this type of cheese are limited.

Japan's imports of natural cheese, which were liberalized in 1962, have risen steadily since that year. From 4,397 tons, they increased to 6,440 in 1963, 8,150 in 1964, 9,789 in 1965, and 18,835 in 1966.

Nigeria Increases Cocoa Producer Prices

Prices paid to Nigerian cocoa farmers for the 1967-68 (October-September) season have been set at N£95 per long ton (11.875 US cents per lb.) for grade 1 and N£80 per ton (10.0 cents per lb.) for grade 2 cocoa beans. During the previous season farmers received N£90 per ton (11.25 cents per lb.) and N£75 per ton (9.375 cents per lb.) for grades 1 and 2, respectively.

Also starting with the 1967-68 season, the Marketing Board will bear the cost of transporting cocoa from the point of production to port of export. This will result in a net increase to growers of 14 to 97 cents per pound, formerly deducted from the farmer's price.

South African Dried Fruit Pack Revised

The 1967 South African dried fruit pack dropped below the 1966 level due to the lower pack of raisins. The raisin pack, at 9,250 tons, was 15 percent below last year's record level of 10,900 tons. Both the prune and dried peach packs are larger than last year's.

Preliminary estimates indicate that current season exports will be less than last year's, but still substantial. Decline is due to the smaller raisin crop.

GROWER RETURNS FOR SOUTH AFRICAN DRIED FRUIT

Item	1966	1967[1]
	US cents per pound	*US cents per pound*
Prunes	10.7	9.7
Currants	13.4	14.0
Sultanas	9.5	9.5
Thompson seedless	8.3	8.3
Bleached sultanas	......	......
Other raisins	9.5	10.3

[1]Preliminary estimates.

SOUTH AFRICAN DRIED FRUIT PRODUCTION

Item	1966	1967[1]
	Short tons	*Short tons*
Apples	150	50
Apricots	1,050	1,100
Currants	800	700
Peaches	1,250	1,350
Pears	850	850
Prunes	1,450	1,750
Raisins	10,900	9,250
Other	100	100
Total	16,550	15,150

[1]Revised.

SOUTH AFRICAN DRIED FRUIT EXPORTS[1]

Item	1966	1967[2]
	Short tons	*Short tons*
Apricots	1,050	1,050
Peaches	550	600
Pears	300	300
Raisins	5,350	4,000
Mixed fruits	1,400	1,200
Other	50	50
Total	8,700	7,200

[1]Year beginning December 1. [2]Preliminary estimate.

Financing for Greek Raisins, Currants

Greece recently announced lower security prices for 1967 crop raisins (sultanas) and currants. Concurrently, a new system of income support payments and grants for vineyard replacement and facility improvement was instigated to offset the reduction in security prices, given below:

1967 Crop Sultanas Grade	US cents per pound
1	11.8
2	11.0
4	10.6
5	9.8

The security price for Amalias Trifilia currants was set at 11.3 cents per pound. Supports will be set up for other regions and grades based on the Amalias Trifilia price.

Income support payments to sultana growers will be $134.90 per acre for the first 1.2 bearing acres, $67.45 for the next 1.2 acres and $53.96 for any additional acreage up to a total bearing acreage of 4.9 acres. Growers with larger vineyards will receive $40.46 per bearing acre of sultanas for the entire vineyard. Sultana growers whose principal occupation is not agriculture will receive $40.46 per bearing acre for only the first 2.5 bearing acres of sultanas. Sultana growers not attaining yields of at least 1,340 pounds per acre will receive only two-thirds of their income subsidy rate.

Growers are eligible for additional grants of $134.90 per acre to pull out and replant inefficient sultana vineyards and up to 40 percent of the cost of establishing individual grower drying facilities. Also available are grants of up to 30 percent of the construction cost of new modern storage facilities and the cost of modernizing and establishing packing plants.

Currant growers will receive income support payments of $94.43 per bearing acre for the first 1.2 acres, $53.96 for the next 1.2 acres, and $26.98 for additional bearing acreage up to 4.9 acres. Growers with larger acreages will receive $26.98 per bearing acre for the entire vineyard. Currant growers whose principal occupation is not agriculture will receive $26.98 per acre for only the first 2.5 bearing acres. Growers not attaining yields of at least 1,340 pounds per acre will receive only two-thirds of their income subsidy rate.

Grants of $107.92 per acre will be paid for uprooting and replacing old currant vineyards. Processors will be paid 9.1 cents per pound for processor discards and .257 cents per pound for fumigation.

Greek Dried Fig Prices, Income Supports

The Greek Government recently announced 1967 crop dried fig prices to growers and the prices exporters will have to pay to the government-sponsored Cooperative Organization, SYKII. This organization carries out the purchase and fumigation of dried figs.

Under a new system of direct income support payment to growers, a direct subsidy (based on deliveries) will be paid to growers in addition to the SYKII purchase price. Previously, government grants to the Coop allowed grower prices to be above the levels paid to SYKII by exporters.

Prices paid to growers:	1966	1967
	US cents per lb.	*US cents per lb.*
Grade A	8.3	8.2
Grade B	7.4	5.7
Grade C	7.1	5.1
Grower income support payments:		
Deliveries up to 2.2 tons:		
Grade A	—	.5
Grade B	—	2.0
Grade C	—	2.3
Deliveries over 2.2 tons:		
Grade A	—	0
Grade B	—	1.2
Grade C	—	1.5
Prices to be paid by exporters:		
Grade A	8.3	7.6
Grade B	6.0	6.0
Grade C	5.4	5.4

The Greek Government has announced that $530,000 will be made available to cover grower income support payments during 1967.

WORLD CROPS AND MARKETS INDEX

U.S. DEPARTMENT OF AGRICULTURE
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U.S. and Canada Maintain Two-Way Trade in Pork

Canadian-U.S. trade in pork and pork products is likely to remain unchanged despite some alterations in tariff levels in the Kennedy Round. The Canadian and U.S. tariff rates on live hogs, fresh or frozen dressed pork, and sausage are reciprocal and were reduced by the same amounts—from 1.25 cents per pound to .5 cent for fresh pork and from 1 to .5 cent for live hogs.

The rate on bacon and hams into the United States is unchanged at 2 cents per pound if unboned (in carcasses or cuts) and 3 cents in boneless form. For Canada the rate on bacon and hams from the United States is still 1.75 cents per pound.

U.S. Canada's best market

Nearly all of Canada's pork exports are made to the United States. The chief export is hams in the weight range of 16 pounds or more, the bulk of which goes to the U.S. East Coast, but there is also good demand for Canadian backs and bellies. Canada in turn buys fresh and frozen and processed pork from the United States. Bellies and sides make up the largest proportion of Canadian imports of U.S. pork, followed by hams, butts, picnics, and back ribs. Canadians are heavy consumers of bacon, and when domestic supplies are short the price of bellies in Canada may rise high enough to attract U.S. bacon into Canada. The bulk of Canadian pork imports goes to deficient pork producing areas, the eastern Provinces in particular.

Two-way pork trade between Canada and the United State has not always been so open. From 1952 to 1960, Canada prohibited the importation of uncooked American pork and pork products due to a severe outbreak of vesicular exanthema in the United States. With the eradication of the disease restrictions were removed, and pork and pork products began flowing north and south across the border relatively freely. This movement has tended to equate prices in both countries, with variations dependent mostly upon transportation, tariff, and exchange costs, and quality differences.

Pork production in Canada has traditionally been a sideline enterprise on most farms, with production exceeding domestic consumption enough to allow for exports. In recent years the enterprise has become more specialized with the farrowing and finishing functions of hog production more definitely separated.

Pork quality improved in Canada

So that Canada could be in a better position to compete in foreign markets, as well as provide the high quality pork demanded by domestic consumers, a policy to improve pork quality was initiated in 1922. Grading of live hogs was begun in Canada that year on an optional basis. By 1940, grading of hogs had been shifted to a carcass weight basis, the system which prevails today. At this time grade standards of hogs are under revision.

Future trade in pork and pork products between the United States and Canada will likely depend on price and supply. Thus far in 1967 Canada has purchased $6.3 million of pork and sold $15.7 million to buyers in this country.

—Gordon H. Lloyd
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